

# WILL THE CZECH PRESIDENCY HELP SUCCESSFULLY MEET THE COLOSSAL CHALLENGES FACING THE EUROPEAN UNION?

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## **Abstract**

The economies of the Member States of the European Union are facing a very difficult period of recovery after the current pandemic subsides. In addition, the difficult situation will be complicated by the technological lag behind the USA and China. Will the Czech Republic be able to play its role when it becomes the country holding the Presidency of the Council of the European Union in 2022, and will not repeat the mistakes of 2009? The prerequisite is the ability to work closely within the trio with France and Sweden. The Czech Republic will have to take an active part in creating a more ambitious, comprehensive and coordinated crisis management system.

## **Keywords**

Presidency of the EU Council, Strategic Priorities, Recovery Plan

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## **I. Introduction**

To believe in the values on which our own democratic states are founded inherently implies a belief in their universality, because the opposite amounts to a violation of these values. To pretend, for example, that human rights do not equally apply to all humans is to deny the very idea of human rights<sup>2</sup>. Not all governments recognize the universality of these values, but that does not affect their universal validity.

The presidency of the Council of the European Union must be based on this principle and must be respected at all times. The EU presidency is responsible for driving forward the Council's work on EU legislation, ensuring the continuity of the EU agenda, orderly legislative processes and cooperation among member states. To do this, the presidency must act as an honest and neutral broker. By *Decision 2009/908/EU*<sup>3</sup> the Council established the order in which the office of President of the Council was to be held for the Member States of the European Union as from 1 January 2007 until 30 June 2020 and it set out there in the division of that order of presidencies into groups of three Member States.

The COVID-19 pandemic constitutes an unprecedented challenge for Europe and the whole world. As a global health crisis, it has affected the societies and the economies of EU Member States in a dramatic way. It requires urgent, decisive, and comprehensive action at the EU, national, regional and local levels.

As the EU Council is a place of conflict of national interests, concepts such as *intergovernmental*, *compromise*, *negotiation* and *diplomacy* are key to understanding how it works. Ministers and prime ministers are often motivated by national interests, and their views are also ideologically driven. That is why the three presidencies, called the *Trio*, must find a common denominator and implement a common approach in order to strengthen Europe's resilience, protect its citizens and overcome crises, while preserving European values and ways of life.

The Czech Republic will chair the EU Council in two years' time. Preparing an EU member state for the six-month presidency of the Union is not an easy task. In order to successfully

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<sup>2</sup> Biscop (2019),

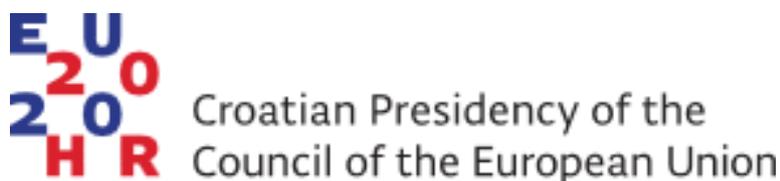
<sup>3</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016D1316&rid=7>

manage this task, it is necessary to prepare the presidency well in advance in terms of organization and content. Successful management of the presidency must be conditional on a stable institutional environment both in the European Union itself and in the country holding the presidency. Walter Eucken's ordoliberalism<sup>4</sup> must become the starting point for the implementation of current practical economic policy. Political stability in the presiding country then becomes a condition for achieving the economic policy goals of the entire European Union<sup>5</sup>.

## II. Presidencies of the EU Council in 2020 – 2021

The European Union is probably going through the most important transition since the beginning of the integration process. Over the last few years, several factors of a different nature have come together to call into question the aims, structures and balances of integration and therefore require political and institutional responses from the Union<sup>6</sup>.

### Croatian Presidency of the Council of the European Union



A Europe that develops  
 A Europe that connects  
 A Europe that protects  
 An influential Europe

These four priorities were presented by Prime Minister Andrej Plenković at a conference entitled "A Strong Europe in a World of Challenges": The slogan foresaw the circumstances of the Croatian Presidency. Under unprecedented conditions, Croatia has successfully completed the task of chairing the Council. Through inter-ministerial coordination, Croatia has succeeded in responding to both expected and unexpected challenges. The successes of the Croatian Presidency in the first half of 2020 include:

- the establishment of common crisis response mechanisms;
- the decision to open accession negotiations with Albania and Northern Macedonia;
- the Zagreb Summit and the adoption of the Zagreb Declaration;
- opening of the last chapter of negotiations with Montenegro;
- the continuation of negotiations on an agreement with the United Kingdom following its effective withdrawal from the EU;
- agreement on the Council's position on the Conference on the Future of Europe;
- the Eastern Partnership Summit and the adoption of conclusions on the post-2020 policy of the initiative;
- the progress in implementing the EU Strategic Agenda in a number of areas<sup>7</sup>.

While many measures to address the crisis have already been undertaken during the Croatian Presidency, a lot more remains to be done, in particular as regards controlling the pandemic and getting Europe's societies and economies back to full functionality by fostering sustainable and inclusive growth, integrating the green transition and the digital transformation, and by drawing all lessons from the crisis and tackling its socio-economic consequences. As an overarching

<sup>4</sup> Eucken's ordoliberalism, which is a special German variant of neoliberalism in its traditional definition, argues that the state has the task to provide the political framework for economic freedom.

<sup>5</sup> Eucken (2004).

<sup>6</sup> Tortola and Vai (2017).

<sup>7</sup> <https://eu2020.hr/Home/OneNews?id=385>

priority, the three Presidencies are determined to implement all appropriate measures serving a robust recovery of the European economy, in line with a sustainable and inclusive growth strategy, that takes account of the goal to achieve climate-neutrality by 2050 and addresses the significant social impacts and human dimensions.

In doing so the Trio is committed to the five strands of action identified in the Joint statement of the Members of the European Council of 26 March 2020<sup>8</sup>. The COVID-19 crisis, declared a pandemic by the World Health Organization (WHO), has put and continues to put Member States' societies and particularly healthcare systems to a severe test. Member States and EU institutions have stood together in the spirit of solidarity to coordinate and implement relevant healthcare measures. Only if health policy is effective in containing and eventually overcoming the threat posed by COVID-19, can a lasting recovery in all other sectors of the economy and public life unfold. Croatia has proven to be a reliable, courageous and innovative EU Member State, able to respond to the greatest challenges of this unique mission, which the EU Council Presidency represents.

### **Trio of Presidencies 07/2020 – 12/2021**

The Trio is committed to the principles of the *Joint European Roadmap towards lifting COVID-19 containment measures*<sup>9</sup> and of the *Roadmap for Recovery*<sup>10</sup>. The plan for recovery must be based on solidarity, cohesion and convergence; the recovery must be flexible, agile and evolving; it must be inclusive and co-owned by all involved; while fully respecting European values, rights, and the rule of law.



The presidential Trio for the next 18 months consists of Germany, Portugal and Slovenia. Germany is rightly expected to have a clear and thoughtful direction in the activities that will start the implementation of the Trio programme. The three Presidencies will do everything in their power to restore and further deepen the single market, further transition to green and digital transformation, strive for digital sovereignty, ensure the EU's strategic autonomy through a dynamic industrial policy, support SMEs and start-ups, scrutinize foreign direct investment, build more resilient infrastructure, especially in the health sector, and produce critical goods in Europe to reduce over-dependence on third countries. The programme *Taking forward the*

<sup>8</sup> <https://www.consilium.europa.eu/en/press/press-releases/2020/03/26/joint-statement-of-the-members-of-the-european-council-26-march-2020/>

<sup>9</sup> <https://op.europa.eu/en/publication-detail/-/publication/14188cd6-809f-11ea-bf12-01aa75ed71a1/language-en>

<sup>10</sup> <https://www.consilium.europa.eu/media/43384/roadmap-for-recovery-final-21-04-2020.pdf>

*Strategic Agenda 18-month Programme of the Council (1 July 2020 - 31 December 2021)* of current trio was published on 9<sup>th</sup> June 2020.<sup>11</sup>

After that, the current German - Portuguese - Slovenian Trio will be replaced on the threshold of 2022 by a French - Czech - Swedish Trio. It is the same composition of the trio as in 2009. However, the Czech Republic will have more than twelve years of experience in membership in the European Union in 2022, and it can therefore be assumed that it will play its role with high professionalism.

The interconnection of the two trios (one with the participation of Germany and the other under the baton of France) is very real. Germany and France have always been able to reach mutually acceptable compromises in the past, including unprecedented measures to support economies to overcome crises. This is evidenced by the current German-French proposal, approved by all 27 member states, for a large part of aid to individual countries of the European Union to be made up of non-repayable grants. Although Germany and France sometimes disagree for the first time, the effort to find a balanced compromise has been the absolute basis of their policy within the EU for many decades. Their cooperation is so institutionalized and takes place on so many levels that partial disagreements never mean its end.

### **Germany's Presidency of the Council of the European Union**



**Together for Europe's recovery**

On 1 July 2020, Germany took over the Presidency of the Council of the European Union, for the thirteenth time. Germany last chaired the EU Council in the first half of 2007. The German Presidency also marks the beginning of a new trio of Presidencies, together with Portugal and Slovenia. Under the motto "Together for Europe's recovery", Germany has established its guiding principles for the country's Presidency of the Council of the European Union. The guiding principles of Germany's Council Presidency are as follows:

- overcoming the COVID-19 pandemic permanently, as well as the economic recovery,
- a stronger and more innovative Europe,
- a fair Europe,
- a sustainable Europe,
- a Europe of security and common values,
- a strong Europe in the world.

Overcoming the COVID-19 pandemic is a key issue for the German Presidency of the Council of the European Union. Only by managing the health situation, investing in the European economy, making full use of our innovation potential and strengthening social cohesion can the European Union and its Member States overcome the crisis effectively and permanently. During the German Presidency of the Council of the European Union, every effort must be made to ensure that the Member States cope with this task jointly and purposefully and help Europe recover. The aim is for Europe to emerge stronger and more sustainable from this crisis. In the past, crises in the EU have always been an opportunity to make Europe even better prepared to meet the challenges of the future. Attention must be focused on the major transformation processes of our time, such as climate change, digital transformation and the evolving world of work. Germany has committed itself to the swift adoption of the multiannual

<sup>11</sup> <https://data.consilium.europa.eu/doc/document/ST-8086-2020-REV-1/en/pdf>

financial framework and to the speedy establishment of a recovery fund in order to achieve a sustainable economic and social recovery with ambitious investments in climate protection, research and digital transformation. In this way, the European Union can address the challenges posed by this crisis and pursue its long-term strategic goals in a rapidly changing world with renewed vigor.

In a world of growing rivalry between the major powers, European policy must strengthen Europe's ability to act in the wider world in order to defend European interests and values and take responsibility in the world. Also migration policy remains an urgent issue. Europe needs a fresh start in the reform of the Common Asylum System. The political dialogue on the rule of law is to be strengthened in the long term between the Member States through comprehensive discussions on the basis of the Commission's new report on the rule of law. Intensive negotiations on relations with the United Kingdom are due to take place by the end of 2020, to be led on behalf of the European Union by EU chief negotiator Michel Barnier. Germany will work to ensure the continued cohesion of the EU-27. The aim is an attractive agreement for both sides on the basis of a jointly agreed political statement.

### **III. Preparation of the Czech Presidency of the Council of the European Union**

As mentioned above, the Czech presidency will follow the French one within the trio and will be handed over to the Swedes in January 2023.

The Czech Republic led the EU for the first time in the first half of 2009. This first Czech presidency in 2009 was significantly complicated by the fall of the government and its replacement by caretaker government in the middle of the period. The next presidency awaits us in the second half of 2022. The Czech government began preparations for its second presidency on 10 July 2018. The Czech Republic wants to become an innovation leader in Europe, which creates good conditions for it to hold its presidency more successfully for the second time. Soon after, the Innovation Strategy of the Czech Republic 2019-2030 was presented to the public with the new brand, which reads as follows: Czech Republic - The Country for the Future.



The working body of the government for determining and coordinating the positions of the Czech Republic in the EU is the Committee for the European Union, which meets at the level of its members or at the working level.

The EU Committee at the level of members participates in the formulation of strategic interests in relation to the Czech Republic's membership in the EU, in defining the Czech Republic's position on key issues discussed in EU institutions and discusses other issues of fundamental importance related to the Czech Republic's EU membership. The EU Committee approves the mandate of the European Council.

At the working level, the EU Committee discusses and approves instructions for meetings of the Permanent Representatives Committee (COREPER), mandates for ministerial meetings of EU Councils of Ministers and other materials related to the current EU agenda. The Chairman of the Committee for the European Union is the Prime Minister of the Czech Republic. The

activities of the Committee shall be governed by its statutes and rules of procedure. The Prime Minister may entrust the management of the Committee on the European Union at the working level to the Secretary of State for European Affairs. The Secretariat of the Committee for the European Union is organizationally integrated into the Section for European Affairs of the Office of the Government of the Czech Republic<sup>12</sup>.

### **What must the Czech Republic focus on when preparing priorities?**

It is already clear today that the weakened economies of the Member States need to resume their growth. It is a long-term task, and the preconditions for its fulfillment are already being created today. It is necessary to make investments that will generate the necessary growth. Research and development must become a priority for all governments. And, of course, sustainability must go hand in hand with growth. Therefore, it is essential to ensure a flexible labor market that meets the demand for an educated and skilled workforce.

The prosperity of the European economy must continue to be based on its openness. If any new regulation is needed, it must be smart regulation. The digital transformation of producers, but also of public administration, can contribute to this.

During its six-month presidency, the Czech Republic should work closely with France in particular, but also, of course, with Sweden, so as not to disrupt the continuity of the common path to overcoming the current economic crisis. Perhaps the most difficult task for the Czech Republic will be to deepen cooperation within the monetary union, which should include other states that have so far retained their national currencies.

Within the European Union, it will be a matter of ensuring that the prepared Recovery Plan finds the right form of implementation in all countries. The European Union's Next Generation Recovery Facility must be invested effectively in the recovery to strengthen a greener, more digital and more resilient Union for future generations. This € 750 billion will be distributed mainly in the form of grants to Member States to finance major reforms and investments that are tailored to national needs and in line with wider European objectives.

## **IV. Conclusion**

Europe can play a distinctive part in the world, which respects the values on which our own society is based and promotes them in the rest of the world. The need for a challenging economic recovery from the coronavirus crisis, together with Europe's long-term technological lag behind the United States and especially China, are major challenges that can be addressed by the countries holding the Presidency of the Council of the European Union in the coming years. The Czech Republic will be in this position in two years' time, and in coordination with France and Sweden, with which it is forming a presidential trio, it will try its best to succeed.

It will be crucial how the European Union manages to launch investments that will slow down this lag. It is new technologies such as modern 5G mobile networks, artificial intelligence, quantum computers, cloud services and semiconductor manufacturing that are becoming a new source of power in the world. The European Union will need to add to the pace of technology if it is to be a globally important player. If Europe fails to do this, it will feel politically and economically disadvantaged in the long term and may be out of the game in the future.

The conditions for this were created at the historic European Council summit in July 2020. It can be considered revolutionary to change the way the EU co-finances, consisting of a pragmatic link between the approval of the traditional Multiannual Financial Framework and the decision to create a new funding system called *Next Generation EU*. The novelty of *Next*

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<sup>12</sup> <https://www.vlada.cz/cz/ppov/veu/vybor-pro-evropskou-unii-22560/>

*Generation EU* lies in the way of raising funds through bond issues on financial markets, which will be a test of investor confidence in this solution, in the way of their repayment through the creation of new EU own resources and in the use of repayable financial instruments as a form of allocation of limited financial resources. Financial markets will play the role of an indicator of confidence in this solution. If they do not believe in the return on their funds and a reasonable return, they will not invest their funds in it.

It cannot be ruled out that, after overcoming the coronavirus crisis, there may be a period of rapid growth analogous to that which occurred a hundred years ago after a far worse pandemic after the First World War. The accelerated process of digitalisation of the economy, together with pro-growth incentives for governments, can lead to a rapid boom. The crisis will also intensify other progressive trends, such as home office and online teaching. The result can be greater efficiency and a better quality of life.

However, it will be a matter of a politically stable environment in the Czech Republic that will not allow us to repeat the mistakes that compromised our presidency eleven years ago. The resulting positive assessment of our role in 2022 will benefit from intensive communication with the European Union institutions and other Member States, in particular participation in the joint triad with France and Sweden, greater rationality and less joking (restraint in promoting the Czech sense of humorous provocations will also be useful). The parliamentary elections in the Czech Republic in the autumn of 2021 and their outcome may disrupt the culminating preparations for the Czech presidency of the Council of the EU. If the same situation arose as after the last Czech parliamentary elections (2017) and a full-fledged government was appointed just before the beginning of its own presidency, it would undoubtedly jeopardize its smooth start. The question of how to create adequate political stability in the time press would then be on the agenda. The solution could be the signing of an opposition agreement, with which the Czech political scene already has some experience<sup>13</sup>.

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<sup>13</sup> The so-called "Opposition Treaty", the full name "Treaty on the Creation of a Stable Political Environment in the Czech Republic"

is a term coined in the Czech Republic to describe the cooperation of opposition parties after the early elections in 1998.

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